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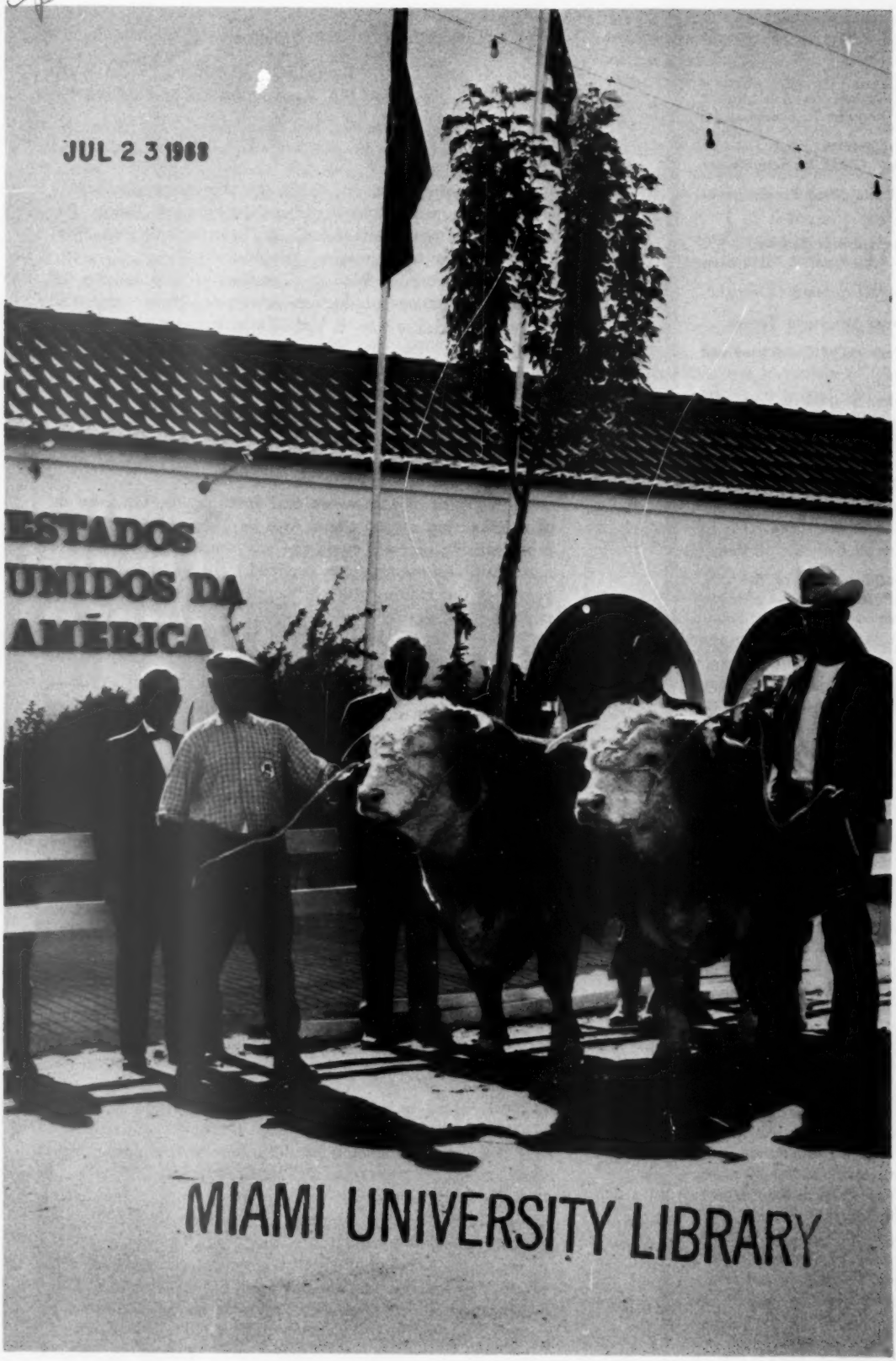

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PAKISTAN'S FARM DEVELOPMENT PLAN

USSR FARM OUTPUT

U.S. CATTLE SHOWN IN PORTUGAL, SPAIN

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

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In this issue:

2 **Pakistan's Third Plan Focuses on Agricultural Development** By Theodore R. Freeman, Jr.

5 **Soviet Farm Production Continues High** By Roger E. Neetz and David M. Schoonover

6 **New High Scored by World Meat Producers in 1967**

7 **Competition Growing for German Market** By Paul G. Minneman

8 **Rainfall Eases Tension Over Argentine Drought**

9 **British Grain Trade Shows Divergent Trends**

10 **U.S. Places Quotas on Imports of Condensed and Evaporated Milk**

11 **Wheat Group Holds Tokyo Workshop**

12 **U.S. Breeding Cattle Make a Hit at Farm Fairs in Portugal and Spain**

14 **Crops and Markets Shorts**

16 **Mideast Combats Locust Threat**

This week's cover:

Two prize U.S. Hereford bulls in front of the U.S. Pavilion at the Santarem, Portugal, National Agricultural Fair. For details turn to page 12.

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Pakistan's Third Plan Fo

By THEODORE R. FREEMAN, JR.
Assistant U.S. Agricultural Attaché, Rawalpindi

Setbacks often turn out to be the stimulators of agricultural development. Such is the case in Pakistan, which after weathering a food-shortage crisis in 1965 overhauled its Third Five-Year Plan to emphasize agriculture.

Aiding the revised plan is a growing interest among the farmers in improved production techniques. Newly appointed Secretary of Agriculture S.A.M. Khan describes the awakening this way: "There has been a psychological breakthrough—a mental revolution on the part of cultivators, who are now seeking new technology. It is no longer necessary for the government to push the farmer; the farmer has begun to push the government."

Production gains imperative

In this spirit of enthusiasm and optimism the Government of Pakistan has moved ahead with its Third Five-Year Plan, ever realizing that achieving the plan's goals is a must. For agriculture—although it has declined in importance in recent years—is the mainstay of the country, accounting for 48.2 percent of the gross national product in 1964-65 as well as for most of the nation's foreign exchange earnings. And yet it is not an efficient industry. Yields are among the lowest in the world, and average farm size is 6.8 acres. Such problems, plus food requirements of a rapidly growing population, accentuated the need for emphasizing agriculture.

In addition, Pakistan's agricultural production declined in 1965, and U.S. food aid was stopped following the outbreak of hostilities between India and Pakistan. As a result, the country in late 1966 revised its Third Five-Year Plan (1965-70), giving the highest priority to agriculture.

During revision the basic strategy of the third plan was shifted significantly. In addition to stressing agriculture, the government emphasized creation of a healthy economic climate in rural areas in order to obtain maximum initiative from farmers. The development of industrial capacity was focused upon industries needed to support the agricultural sector. The government gave particular attention to available inputs, such as fertilizer, which would yield immediate substantial growth.

Divided equally between East and West Pakistan, the cost of the resultant agricultural development program amounts to $1.8 billion, or 17 percent of total allocations under the plan. Main agricultural objectives of the third plan are:

- To increase the real income of farmers at least at the same rate as per capita increase in other sectors;
- To move toward self-sufficiency in food to the extent compatible with other needs of the economy, while also improving nutritional standards in food consumption;
- To promote agricultural development on a sound, self-propelling basis by further improvements in agricultural organization and by intensified programs such as the develop-

an Focuses on Agricultural Development

ment of markets, cooperatives, storage, credit, educational, and other institutional and infrastructural facilities.

Self-sufficiency in foodgrains

A major goal in the plan is to achieve self-sufficiency in foodgrains by 1970 through a 28-percent increase in production to 21.4 million tons. This would be slightly less than the 33-percent growth achieved during the second plan but considerably better than the 17-percent average for the last 3 years of that plan. Rice production is forecast to hit 14.4 million tons, while the target for wheat is 5.5 million. (Pakistan appears to have already made good headway toward its foodgrain goal. Rice output this season is estimated at 11,347,000 tons, excluding the boro crop, or 14.4 percent above the 1966-67 level; and wheat output, with acreage up 5.7 percent and inputs much increased, could easily exceed the goal.)

Among the industrial crops, cotton output is to rise 59 percent to 3.5 million bales (392 lb. net), and jute, 29 percent to 8 million bales (400 lb. net).

Major factors in this agricultural expansion are improved seed and fertilizer, use of which is being greatly expanded under the third plan.

Pakistan President Ayub Khan, who has spearheaded the country's drive to increase farm output, examines an ear of corn at a maize festival he opened.

Seed improvement programs are underway for all the major crops, with new varieties like Mexi-Pak wheat, J-I maize, and IRRI rice playing key roles in boosting production. The third plan calls for 52 percent of the land in East Pakistan and 37 percent of that in West Pakistan to be sown with improved seed. Crops to benefit from this include jute and cotton, with over 70 percent of their acreages sown in improved seed, and wheat, with over 50 percent of its acreage in such seed. To encourage farmer participation in the program, the extension service is setting up demonstration plots and model farms.

One of the quickest and cheapest means of increasing production has been through greater use of fertilizer. As a result, fertilizer use increased by 163 percent during the second plan and is expected to more than triple during the third plan. This would bring consumption to 484,000 tons (in terms of plant nutrients) by 1970 from 144,000 in 1965.

Contributing to the availibility of fertilizer, of course, will be Pakistan's own increased production capacity. Fertilizer production is forecast to reach 349,000 tons in fiscal 1970, compared with less than 66,000 in fiscal 1965. In addition, about 135,000 will be supplied through imports.

To bring about this expansion, the government is undertaking several educational and aid programs. The extension service, for instance, is engaged in intensive educational programs to demonstrate the value of fertilizer. The subsidy on purchases of fertilizer imports continues in effect, with this subsidy amounting to roughly 43 percent of the imported cost. And the distribution system is being streamlined so that fertilizer and manure will be in easy reach of farmers. (Eventually, fertilizer distribution will be turned over to the private trade.)

Irrigation, drainage, and reclamation

The plan also calls for reclaiming wasteland and turning it into productive land. Soil conservation practices and watershed management, along with reforestation, all play vital roles in the overall scheme for rapid development.

In West Pakistan, water is the most important single factor for increasing agricultural production and productivity. This area is climatically arid and semiarid except for the small zone lying below the Central Himalaya Mountains in the north. Only 20.7 percent of the 200-million acres is cultivated, of which one-fourth is rainfed and the remaining three-fourths is irrigated by a vast canal system.

East Pakistan, on the other hand has a monsoon climate, and 61 percent of its 35.3 million acres is cultivated under rainfed conditions. Monsoon rains between June and September usually furnish adequate water, but in some years the lack of rain results in drought. Conversely, at other times, too-heavy rains result in flooding.

In order to exploit water resources the third plan calls for an increase in area irrigated by power pumps in East Pakistan from 200,000 acres in 1965 to 750,000 in 1970 and for installation of 15,000 additional tube wells in West Pakistan, bringing the total to 22,350.

Also, the first Salinity Control and Reclamation Project has already reclaimed about 275,000 acres and plans to bring into production another 435,000. All told, the water resources development program is expected to serve about 4.1 million acres of new area during the third plan and 19.8 million of already cultivated land.

Plant protection work accelerates

Under the third plan, the government is undertaking a two-pronged plant-protection program, featuring both curative and preventive measures. During the plan period, the area treated by curative measures is expected to double, and that treated by preventive measures, to more than triple. A total of 26 million treated acres is the 1970 target.

Special emphasis is being given to preventive measures such as seed treatment and preventive spraying. Eradication programs are now underway for a number of pests, from the bollworms and jassids that attack cotton; to stemborers in rice, corn, and sugarcane; to swarming caterpillers in rice; to the white and black fly in citrus.

The third plan's funds also are helping to strengthen a number of other important programs, such as education and research, land reform and settlement, and improvements in the fish industry.

The educational projects include construction of a new agricultural college in East Pakistan; expansion and improvement of already existing facilities, especially agricultural universities; and improvement in the quality and standard of agricultural education and training. Almost 4,000 new agricultural graduates are expected during the plan period.

Carrying the educational effort to the field, the extension service is making more technical information available to the farmers and is sharing with the farmers results of soil surveys and research projects.

Advances in research include the setting up of a Bureau of Agricultural Economics and Statistics to insure that surveys and research in agricultural economics are carried out effectively and efficiently. Improvements are being made in grading, marketing, and statistics. Credit facilities are being expanded, and the pace is being quickened for industrial production of farm machinery, with an annual production of 1,500 tractors forecast for 1970.

The policies of the third plan are also aimed at a reduction in the time lag between the release of land to farmers and its subsequent cultivation. Focusing on settlement operations, the government has already brought over 1.5 million acres under cultivation and expects to develop another 700,000 by end of the plan period. New farmers are being provided necessary supporting services like credit for production needs, fertilizer, and seed to enable them to bring the land under cultivation as quickly as possible.

Finally, the fish industry is being aided through improvements in marketing and storage facilities and efforts to expand the catch. The target for fish production is 475,000 tons by 1970—40 perecnt above the 1965 level.

PAKISTAN'S RECENT AND PROJECTED FERTILIZER PRODUCTION, CONSUMPTION, AND IMPORTS

Fiscal year	Production	Consumption	Imports [1]
	1,000 nutrient long tons	*1,000 nutrient long tons*	*1,000 nutrient long tons*
1961	11.5	54.6	43.1
1962	21.1	59.7	38.6
1963	65.1	67.2	1.8
1964	79.4	111.0	31.6
1965	60.0	144.0	78.0
1966	105.0	202.0	97.0
1967	107.1	250.0	142.9
1968	140.0	320.0	180.0
1969	224.9	395.0	170.1
1970	349.9	484.0	134.1

[1] Represents the difference between production and consumption.

Based on interpolations as compiled by USAID Agricultural Division, Karachi.

BENCHMARKS AND TARGETS OF CROP PRODUCTION FOR THIRD PLAN

Crop	Third-plan benchmarks[1]			Third-plan targets			
	East Pakistan	West Pakistan	Total	East Pakistan	West Pakistan	Total	Increase
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*	*Percent*
Rice	10,200	1,200	11,400	12,725	1,720	14,445	27
Wheat	37	4,120	4,157	64	5,400	5,464	31
Corn	5	500	505	16	770	786	56
Other foodgrains	18	720	738	20	750	770	4
Subtotal	10,260	6,540	16,800	12,825	8,640	21,465	28
Gram	34	616	650	38	700	738	13
Pulses	190	170	360	275	220	495	38
Sugarcane	4,900	15,850	20,750	7,050	21,250	28,300	36
Cottonseed	6	770	776	7	1,230	1,237	59
Other oilseeds	156	245	401	270	320	590	47
Fruits	1,400	750	2,150	1,760	950	2,710	26
Vegetables	1,250	1,050	2,300	1,625	1,480	3,105	35
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	
Jute	6,200	.....	6,200	8,000	.....	8,000	29
Cotton	17	2,200	2,217	20	3,500	3,520	59
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	
Tea	56	.....	56	73.5	.....	73.5	31
Tobacco	63	170	233	78	195	273	17

[1] Determined mainly on the basis of a 10-year linear trend, fiscal 1956-fiscal 1965. The Third Five-Year Plan (1965-70), Planning Commission, Pakistan Government.

With the bumper harvest of '66 in mind, world agriculture scrutinized the development of Soviet crops in 1967 – which despite bad weather performed quite well.

Soviet Farm Production Continues High

By ROGER E. NEETZ and DAVID M. SCHOONOVER
Foreign Regional Analysis Division, ERS

The changes planned for Soviet agriculture by Khrushchev's successors in the years since 1964 seem to be taking effect. In 1966 farm production broke records on all sides. In 1967, despite a sharp drop in grain production, USSR agricultural output continued at a high level (see *Foreign Agriculture*, March 4). Plans for 1968, however, call for substantially greater growth than the high levels achieved in 1966-67—perhaps an indication that the long-range plan ending in 1970 is overly optimistic.

The USSR reports its gross agriculture output in 1967 at $86.4 billion (valued at the Soviet official exchange rate), 1 percent more than the US $68.3 billion attained in the bumper year 1966. This showing was aided considerably by the ample feed supplies from the record grain harvest in 1966, the favorable response of the livestock sector, and the repeated good harvests of industrial crops. Net agricultural production as calculated by USDA (deducting seed, feed, and waste), however, shows a moderate downturn from 1966's high level. This is attributed to the higher feed inputs for the livestock sector from the 1966 harvest, as well as the reduced grain output in 1967.

Future growth of the country's agricultural output, particularly for livestock products, depends on continued strong gains in the production and efficient use of feedgrains and other livestock feed ingredients. While 1967 gross production fell far short of the planned 4-percent increase, the exceptional and average grain harvests in 1966 and 1967, respectively, have given the Soviet Union a little more flexibility in planning its agricultural programs through 1970.

Grain output drops

The officially announced total grain harvest of 147.6 million metric tons showed a substantial decrease from the 171.2-million-ton record claimed for 1966. USDA estimates of grain production, after accounting for excess moisture and harvesting losses, amounted to about 125 million tons, compared with about 145 million in 1966.

Adverse weather was behind the production decline. It caused the greatest damage in wheat output especially in the spring wheat belt of Kazakhstan and Siberia. Here, seed was planted under poor weather conditions and, although timely rains were reported in May and June, drought set in later, causing poor plant development and reduced yields. Total wheat production may have reached almost 65 million tons—adequate to cover domestic requirements but off sharply from the 85 million harvested in 1966. The record 1966 crop enabled the building of sizable stocks, possibly to reach about 15 million tons above normal requirements at the end of 1966-67.

Production of feedgrains, rye, and miscellaneous grains remained close to the 1966 level. Output of corn and oats increased, while the production of barley decreased.

Other crops perform well

Sunflowerseed production continued the increase of the last few years, reflecting both excellent weather conditions and long-term gains from the high-yielding varieties introduced in recent years. Production of 6.1 million tons, less 8-percent dockage for moisture and waste, is estimated for 1967, up 7 percent from the 1966 crop.

Cotton production remained at the 1966 level of approximately 6 million tons (unginned), but the output of long staple varieties increased sharply. Sugarbeets, however, showed a significant increase in 1967, with output increasing to almost 87 million tons, 17 percent over the previous year's. Sharp gains were also registered for vegetables and potatoes, with the latter increasing from a 79-million-ton output in 1966 to 86 million last year.

Livestock output boosted

Cattle numbers on January 1, 1968, were reported to be at the same level as in 1967—97 million head. Hog numbers, however, declined from 58 to 51 million head, a drop of approximately 12 percent. Primarily, this sharp downward shift seems to reflect lower farrowing rates (caused by the foot-and-mouth epidemic), but it may also indicate concern on the part of farm managers and peasants over the available supply of feedgrains. Sheep and goat numbers edged upward in 1967, and beginning figures for 1968 reached 144 million, up slightly from 141 million in 1967.

Production of meat (slaughter weight), milk, and eggs increased 5.7 percent, 4.6 percent, and 6.3 percent, respectively. Increases in slaughter weights played an important role in the meat output gain from 8.8 million tons in 1966 to 9.3 million in 1967. The gain in milk production—to 71.4 million tons—was due to higher yields per animal. Poultry numbers for 1968 have not been announced, but the trend has been upward since 1963. The good feed supplies available from the 1966 harvest helped raise output of meat and other livestock products in 1967.

Government purchases exceed targets

Government grain purchases for 1967 have been officially announced at more than 57 million tons. This quantity falls in line with the long-term program to purchase at least 55 million tons from farms annually during 1966-67, but is substantially below the reported procurements of 75 million tons from the bumper harvest of 1966. To supplement domestic commercial supplies, the Soviets agreed to purchase about 9 million tons of Canadian wheat from August 1, 1966 through August 1969.

Domestic purchases of other commodities generally exceeded planned amounts. In 1967, the Soviets procured 6.0 million tons of cotton, about 5 million of sunflowerseed, 11.5

million of potatoes, and about 82 million of sugarbeets.

Livestock procurements amounted to 7.2 million tons of meat and fats (slaughter weight), 63 percent of total production; 42.4 million tons of milk, 59 percent of total production; and 12.9 billion eggs, 38 percent of total production. Wool procurements reached about 400,000 tons.

Farm investment and incomes rising

Investment programs and material inputs for agriculture continued to move upward in 1967. Fixed capital investment in collective and state farms increased by 10 percent, raising agricultural investment in 1967 to $14.5 billion, a significantly larger share of the total investment in the economy than has been seen in recent years.

The division of investment between the state and collective farms continues to favor the state farms, but in 1967 there was an increase in the collective farm fixed investment. Probably contributing to this shift in distribution were the increased incomes of the collective sector from the excellent harvests of 1966, the announced reduction in farm income taxes, and the lowered costs for electric power in 1967.

Farm income is slowly moving upward in the Soviet Union, but the gap between rural and urban incomes is still quite significant—estimates indicate that a collective farmworker's income is about half that of an urban worker's and two-thirds that of state farm workers.

Targets for 1968

Soviet goals for 1968 call for a 7.4-percent gain in gross agricultural output, up considerably from the 2-year average growth rate in 1966-67 of about 5 percent. This strong upward thrust is probably the rate needed to attain the overall annual increase planned for 1970, rather than an objective evaluation of real potential.

Recovery from the drop in grain output in 1967 is not to be discounted, of course, but much of the gain needed to reach this high goal also must come from the livestock sector. Considering the decreased reserves of cattle numbers and feedgrains on January 1, 1968, compared with those of 1967, the goal for 1968 appears to be quite optimistic.

However, stated plans call for a 7.6-percent increase in total fixed capital investments above the 1967 level of approximately 14.6 billion dollars and imply that the rate of agricultural investment will be commensurate.

State procurements of 55.7 million tons of grain, 4.5 million of sunflowerseed, 10.0 million of meat (live weight), 38.4 million of milk, 387,000 of wool, and 11.9 billion eggs have been established in the 1968 plan. The targeted overall growth rate implies that above-plan procurements are expected.

The fall-sown area of grain was planned to reach more than 100 million acres, approximately a 20-percent increase over the previous year's harvested area. Fall planting was carried out under less-than-optimum weather conditions and the area is less than planned. Official Soviet reports, however, indicate that winter grain crops have developed satisfactorily in most areas except parts of the Ukraine and the southern black soil zone.

New High Scored by World Meat Producers in 1967

The world's major meat producers registered a combined record output of 124.3 billion pounds in 1967. This marks a 3-percent increase over 1966 production and a 12-percent gain over the 1961-65 average, showing that world meat supplies are responding to continually growing demand. Only Oceania and Africa recorded setbacks in 1967.

In the major producing and importing countries—the United States and the EEC—meat production was up sharply in 1967. But in other countries the increase was only minor and long run prospects may not be entirely encouraging. World cattle numbers, source of over half of total red meat supplies, have shown signs of leveling off. The 1-percent increase in cattle numbers during 1967 was less than it has been in the past several years. World hog numbers appear to be at their cyclical peaks in many countries.

World beef and veal production in 1967, amounting to 65.4 billion pounds, showed a 13-percent increase over the 1961-65 average—with European production advances the most impressive. Overall beef and veal production rose 2.2 percent over 1966. Output was up 5 percent in Western Europe to 14.3 million pounds and more than 6 percent in Eastern Europe from the 2.9 million produced a year earlier. South America registered a 3-percent gain in 1967, owing largely to a rise in Argentine production to 5.7 million pounds.

Beef production in Oceania—a major surplus beef area—declined 5 percent to 2.6 million pounds. Production was up in New Zealand but down in Australia. Australia is still attempting to rebuild cattle numbers following the drought in 1965. Barring prolonged drought periods in the future, Australian beef production should continue upward.

As with beef and veal, a production gain of 13 percent over the 1961-65 annual average was recorded for pork for a total of 49.5 million pounds. And, while beef and veal still dominate the industry (53 percent of total in 1967), world pork production last year showed the largest percentage gain (4.5 percent) over 1966. North America recorded the largest production advance for pork; output in Canada and the United States was up 16 and 11 percent, respectively. The EEC countries showed a 5-percent gain in pork output over the 9.8 million produced in 1966; Asian production advanced 7 percent to 2.7 million pounds. The production increase augmented world red meat supplies; it also sent hog prices to the lowest levels in recent years in the major pork producing countries.

Further increases—particularly in Asia and Western Europe—are expected in the first half of 1968, but the current hog cycle appears to be reaching its peak in many countries. Pork production in the United States is leveling off and will be about the same in 1968 as last year. USSR hog numbers in early 1968 were down 12 percent from a year earlier.

Production of lamb, mutton, and goat meat totaled 8.8 billion pounds in 1967, up about 1 percent from that of 1966. Most of the gain was due to a nearly 4-percent increase in Oceania where sheep numbers have been growing.

World production is expected to show another small increase this year because sheep numbers rose slightly in early 1968. Also, depending on the severity of the situation, heavy forced slaughter of sheep due to drought in southern Australia could increase world supplies of lamb and mutton more than is now expected.

Competition Growing for German Market

By PAUL G. MINNEMAN
U.S. Agricultural Attaché, Bonn

Generally slower economic activity in Germany during 1967 was partly responsible for a 12-percent decrease from the record-breaking volume of U.S. agricultural imports in 1966. The trade decline is perhaps a temporary setback, although growing EEC self-sufficiency poses a severe long-term obstacle to U.S. trade with Germany—currently our third-ranking export market. Value of Germany's agricultural imports from the United States totaled $596 million last year. This places the U.S. share of total agricultural imports at about 13 percent—a decrease of roughly 1 percent from the high levels of 1964 and 1966.

For 1968, however, the outlook is good. Orders for industrial products are larger, employment is rising, and prices are relatively stable. Larger numbers of hogs and an increasing poultry production could raise demand for feedgrain and soybeans, with the United States perhaps providing increased supplies of both. The market for U.S. cling peaches and sour cherries remains substantial, despite the sharp setback in 1967 owing to small U.S. fruit crops. Greater supplies of these canned fruits at more nearly competitive prices are expected this year. (In 1966, the United States was the chief supplier of these fruits.) Some reductions expected in tobacco, oilmeal, and poultry should be largely offset by larger shipments of such items as canned fruit, variety meats, and hides.

A well-established market development program is in full swing in Germany. Currently, groups covering 15 U.S. agricultural products accounting for about 70 percent of imports promote U.S. commodities. Programs are placing increasing emphasis on the advantages of convenience foods and varied diet for consumers whose food budgets have been expanding in line with economic growth. However, in 1967 raw materials for feeding or further processing made up 90 percent of agricultural imports, with finished products ready for consumption comprising the remainder.

A considerable potential exists for enlarging our share of the market for feedgrains, wheat, and cotton—if a way is found to keep U.S. products competitive in price and quality.

EEC levy effects

Germany's increasing tendency to stay within the Common Market to meet its agricultural needs presents the biggest challenge to the U.S. market in Germany. The EEC share of agricultural imports rose further in 1967 to 34.6 percent of the total, compared with a 26.6-percent average in 1960-62. On the other hand, the share from other non-EEC countries continued its decline from 60 percent in 1960-62, reaching 52.9 percent in 1967.

VALUE AND SOURCE OF WEST GERMANY'S AGRICULTURAL IMPORTS

Year	Agricultural imports				Percentage distribution			
	U.S.	EEC	Others	Total	U.S.	EEC	Others	Total
	Mil.	*Mil.*	*Mil.*	*Mil.*	*Per-*	*Per-*	*Per-*	*Per-*
Average	*dol.*	*dol.*	*dol.*	*dol.*	*cent*	*cent*	*cent*	*cent*
1960-62	482	945	2,127	3,557	13.6	26.1	59.8	100.0
Annual:								
1963 ..	483	1,087	2,171	3,741	12.9	29.1	58.0	100.0
1964 ..	587	1,237	2,398	4,222	13.9	29.3	56.8	100.0
1965 ..	607	1,550	2,768	4,927	12.3	31.5	56.2	100.0
1966 ..	677	1,582	2,606	4,865	13.9	32.5	53.6	100.0
1967 ..	596	1,655	2,528	4,778	12.5	34.6	52.9	100.0

Compiled from official data.

Nearly one-fourth of the agricultural imports from the United States were subject to the EEC variable levies, while 30 percent were subject to fixed duties and 46 percent were duty-free. Compared to 1966 totals, imports of levy items from the United States declined 25 percent and of duty-free items, 8 percent.

The United States remained Germany's principal source for soybeans, tobacco (together comprising 46 percent of total imports from the United States), flaxseed, tallow, variety meats, rice, and hops. However, front-ranking U.S. positions for canned poultry, cottonseed oil, some grains, peaches, and cherries were lost.

Effects of the levies on individual products varied widely. Leaf tobacco ranks first among products subject to fixed duties and accounted for 60 percent of such imports in 1967, with imports rising by $15 million or nearly 17 percent (owing largely to a tax advantage in clearing as much as possible through customs before January 1, 1968). Wheat shipments from the United States were maintained at near the same level as in 1966—well above that in preceding years. Imports of U.S. rice were also on a par with those of 1966—and the value increased because of higher prices. Oilmeal imports valued at $66.4 million continued at the same level as in 1966, as did cotton imports—despite keen competition for the latter from many sources.

But trade in poultry suffered severely from EEC levies, with the value of frozen poultry meat imports dropping 34 percent. This was due almost entirely to the high (and frequently increased) variable and supplemental levies. Imports of vegetable oils dropped sharply from $7.5 million to $800,000 owing largely to the shortage of U.S. cottonseed oil. Soybean imports, a duty-free item, declined 6.4 percent, partly because of reduced demand and partly from competition from cheaper sunflowerseed from other sources.

A new German veterinary requirement was difficult for U.S. variety meat exporters to meet—causing a decline from $11 million to $6 million in German imports of U.S. variety meats. A German prohibition against certain protectants used on U.S. fruit caused apple and pear imports to fall from $1.4 million to $200,000.

Feedgrain slump

A drop in feedgrain imports—which accounted for one-half of the total decline in agricultural products from the United States—was the most serious commodity decrease. In 1967 West Germany imported 95 percent as much feedgrain as in 1966, but U.S. imports declined 32 percent to $79 million. [For July 1967-March 1968, however, total German feedgrain imports were 3.55 million tons compared with 3.3 for the same 1966-67 period.] This decrease was not due to larger imports from within the EEC; these countries also

supplied less. Our share was lost to competition from the greater supplies available from other third countries, which supplied 52 percent more than in 1966. These included Argentina, the United Kingdom, Australia, Sweden, Africa, and the East European countries.

The market problem may continue. Large domestic supplies of grain have reduced demand for grain and feed imports during the first half of 1968 and will result in a relatively large carryover into the new crop year. Present prospects for Germany and other EEC countries forecast another large crop in 1968, which could reduce import demands during the latter part of 1968 and 1969.

Record EEC trade

Germany's agricultural imports from the EEC skyrocketed to a new high in 1967—75 percent above the 1960-62 average. Fresh and canned fruit and vegetables and nuts; feedgrain and wheat; livestock, meat, eggs, and dairy products; wine; flowers; cocoa products and sugar; and oilmeal for a total value of $1.4 billion to $1.6 billion in 1967 were principal items. Most important were the highly perishable fresh products, which accounted for nearly one-third of agricultural imports from EEC partners. (To be remembered in evaluating the EEC share of German trade is the inflated value of products imported because of higher domestic support prices, which are far above the c.i.f. world market prices.)

Although the share is declining every year as the EEC becomes more self-sufficient, third countries still supply over half of Germany's agricultural imports. Tropical products not generally produced in the EEC make up well over one-fourth of the amount imported; fibers account for another 10 percent. Other important items include grain, tobacco, meat, oilmeal, canned goods, fish, and fishmeal.

Exporting to the U.S.

Industrial West Germany is only about 70 percent self-sufficient in food and agricultural production, and its agricultural exports play a minor role in trade. They made up only 2.2 percent of Germany's exports to the United States in 1967 and were mostly processed specialty items. The principal single item was $8.7 million worth of beer; then, $6.3 million of wine. Most rapidly growing are exports of cheese; last year 1,722 metric tons valued at $1.1 million were exported. Prepared foods, bakery products, cocoa, chocolate, sugar products, and canned food exports to the United States were valued at $5.7 million. The major raw materials were hair and bristles and hops; each valued at over $4 million.

Rainfall Eases Tension Over Argentine Drought

Persistent rain fell over Argentina's grain belt in the first week of June and brought new hope to farmers after several dry months. Weather conditions can still substantially affect this year's pasture and forage crops, which have been endangered by the long dry spell.

By the time the rains came, Argentina's five most important agricultural Provinces (Buenos Aires, Córdoba, Entre Ríos, Santa Fe, and Río Negro) had already been declared in a state of emergency, as drought had severely depleted rangegrass for livestock and retarded the development of winter forage grains. Within this area only the northeastern corner of Santa Fe and the southwestern tip of Río Negro around Bariloche were excepted from the declaration, and La Pampa could still be added.

In his announcement of the current emergency, Secretary of Agriculture Garcia Mata said producers could obtain special government loans to maintain livestock through the months ahead. The loans may be used to buy forage, rent land for grazing, pay transportation costs in moving livestock to other areas, and make investments necessary to retain livestock. From 80 to 100 percent of costs will be covered by the loans at an interest rate of 10 percent—as compared with the standard 12 percent for agricultural loans from official banks; in most instances, up to 180 days are allowed for repayment. The extent to which producers will utilize these credit facilities will, of course, depend on their assessment of the immediate situation.

The outlook for the livestock industry is uncertain. At the end of May, the state of rangeland was comparable to that in July in normal years. However, the week of rain in early June may put crop development somewhat back on schedule—particularly that of oats and rye, a winter feed supplement.

Also, in the major fattening zone in west-central Buenos Aires, fields have matured sufficiently to allow some grazing of cattle. This is not the case in the South, however, where the growth of later-sown grains has been retarded by dry weather and low temperatures. Without adequate supplementary forage for breeding cows, breeders do not anticipate a satisfactory calf crop this coming spring.

Cattlemen who are predominantly fatteners and breeders are concerned about depressed calf prices and with falling prices at the terminal market in Buenos Aires. In the southeast part of the Province, a cow and calf together bring as little as $17, or half as much as last year. For yearling calves, fatteners in one zone are bidding $20 at stretched-out terms of payment, while breeders ask $25.70. Should dry weather persist, breeders will be forced to unload calves at any price in favor of retaining as large a number as possible of cows for breeding.

The fatteners clearly occupy the better bargaining position, inasmuch as calf and young steer prices are regulated by the tone of prices at the Liniers terminal market. Prices have declined sharply from those of a few months ago. Export demand is slack, but marketings are fairly heavy—for seasonal reasons that are compounded by lack of pasture. At one point in early June, the number of marketings reached an all-time high for daily entries.

All factors considered, the drought—as far as it has gone—has not precipitated a liquidation of cattle herds. It could, however, presage a temporary leveling off in the marked expansion of cattle numbers of recent years. With favorable longer-range implications, the intense drought might also encourage producers to increase the area sown to improved pastures in 1969, which have held up reasonably well.

—Based on a dispatch from MARTIN G. SCHUBKEGEL
Assistant U.S. Agricultural Attaché, Buenos Aires

British Grain Trade Shows Divergent Trends

British imports and exports of grain showed a mixed picture in the first 9 months of fiscal 1968. While imports of wheat were little changed from the previous year, corn purchases increased and sorghum fell. At the same time, exports of barley—the United Kingdom's only sizable grain export—were off 36 percent.

The United States continued as a major U.K. grain supplier, although its share of the market was eroded as a result of stiffened competition from other exporters.

Wheat imports edge up

U.K. imports of wheat during July 1967-March 1968 amounted to 3.01 million tons, up slightly from 3.00 million in the 1966-67 period. But in spite of this fractional gain, the United Kingdom's traditional suppliers suffered losses. Imports from Canada were off 6 percent to 1.27 million tons; those from Australia dropped 8 percent to 304,000; and those from Argentina plummeted 75 percent to 42,000. The United States, likewise, suffered a major loss in direct sales, which totaled only 203,000 tons, compared with 453,000 in the 1966-67 period.

Taking up part of this slack, however, was the increased transshipment trade—largely of U.S. wheat—through the Netherlands. Total receipts of wheat via this route were 614,000 tons in the first 9 months of fiscal 1968, compared with 352,000 a year earlier. Transshipments were particularly heavy during January-March 1968, when they hit 269,000 tons, compared with 189,000 in the same months of 1967.

Another notable feature in this trade was the large import of French wheat. Through March, France supplied 207,000 tons—mostly of low-priced wheat intended for animal feed—against only 71,000 a year earlier. The large quantities involved have caused U.K. domestic feedgrain prices to remain low and have led to protests from British farmers about undermining of the market in a year when homegrown supplies are especially large and slow to clear.

Flour imports have been considerably smaller than those of a year earlier. Total arrivals during July 1967-March 1968 amounted to only 67,000 tons (actual weight). During the same 9 months of fiscal 1967, they totaled 126,000 tons. Canada continued to be the top source for flour, although its volume of sales dropped by more than half to only 48,000 tons. Imports from Australia fell from 16,000 tons to 9,000, and those from the United States, from 5,000 to 1,000.

In January-March of this fiscal year, no rye was imported by Great Britain. But imports during the previous 2 quarters totaled 6,400 tons, or only a little less than the tally for the entire 9-month period of 1967. Practically all of these imports came from Canada.

Corn imports rise, sorghum falls

Imports of corn during the 1967-68 period were up 26 percent from the previous year's to 2.95 million tons. The United States continued as largest source, supplying 1.5 million tons, but this was only 3 percent above its year-earlier total. Transshipments of U.S. corn via the Netherlands and Belgium added another 497,000 tons, compared with 391,000 in the 1966-67 period.

Outstanding development in the corn picture this year has been the resumption of heavy shipments from South Africa. Through March, these totaled 658,000 tons, compared with none in the previous year. Imports from Argentina fell 42 percent to only 69,000 tons, while those from Romania were up 21 percent to 68,000.

Corn's gain in the market was sorghum's loss, and purchases of this product fell to 122,000 tons, or less than a third of the 425,000 imported in the 1966-67 period. Takings from the United States were only 5,000 tons, compared with 106,000 in 1967, while those from Argentina tumbled to 1,000 from 150,000. On the other hand, South Africa supplied 82,000 tons this year against only 18,000 in 1966-67. South Africa enjoys a price advantage in the United Kingdom since its grain is exempt from the 10-percent import duty levied on U.S. and Argentine sorghum.

Transshipment trade in sorghum has also fallen away but not by as much as direct shipments. Transshipments in July-March totaled 34,000 tons, compared with 133,000 in the 1966-67 period.

A larger home crop reduced the United Kingdom's need for oats, and imports of this product fell 82 percent. Barley purchases were up from the previous year to 96,000 tons despite a marked slowdown in trade during the third quarter. Canada and Australia supply most of the oats, and Canada is the main source for barley.

This fiscal year has been a slow one for U.K. barley exports, which were off 36 percent to 577,000 tons during the first 9 months. There was, nevertheless, a marked pickup in the third quarter, with shipments up to 320,000 tons from 143,000 in October-December. West Germany has been far the largest buyer of British barley. It took 239,000 tons of the product through March of this year, or almost 90 percent more than in the same period of 1966-67. Most other purchasers have taken smaller quantities.

British exports of oats this year have been quite large, reflecting the large crop. They totaled 55,000 tons through March, compared with practically nothing in the 1966-67 period.

—Based on a dispatch from DAVID L. HUME
U.S. Agricultural Attaché, London

Too Much Starch in St. Vincent

While obscured by the large agricultural exporters of the world, the tiny Caribbean island of St. Vincent has long had one claim to fame—its position as the No. 1 exporter of arrowroot starch. Today, however, that position is more a source of headaches than pride, as market appeal of this cornstarch alternate has steadily lessened and stocks have piled up.

Currently, the St. Vincent Arrowroot Association holds unsold stocks of about 11 million pounds of the starch, against which they have borrowed over US$1 million. Interest charges on the loan have resulted in a drop in the association's payout price to the producers from 10.1 cents per pound in 1962 to 7.3 cents in 1967.

Production of the starch did fall 18.4 percent between 1966 and 1967 to 3,589,000 pounds, and exports that year were 1,195,373 pounds more than production. But even if this ratio of sales to production is maintained, St. Vincent's present surplus will not be worked off until 1978.

U.S. Places Quotas on Imports Of Condensed and Evaporated Milk

President Johnson, acting upon the recommendation of Secretary of Agriculture Orville L. Freeman, on June 10, 1968, proclaimed temporary import quotas on condensed and evaporated milk and cream. The quotas will remain in effect pending completion of an investigation by the U.S. Tariff Commission, including recommendations on the need for permanent import quotas.

Also upon Secretary Freeman's recommendation, the President has directed the Tariff Commission to investigate the need for quotas on a number of other dairy products which are not now subject to import restrictions. The Tariff Commission has begun its investigation, and has announced that public hearings will be held beginning July 22.

The other products to be investigated are: Chocolate milk crumb, a product used in candy manufacture; butterfat-sugar mixtures in retail packages (in bulk form, such mixtures are already subject to quota); and most types of cow's milk cheese which are not now under quota. These include processed Edam and Gouda cheese, Italian cow's milk cheese not in whole loaves, Swiss cheese, and the miscellaneous cow's milk cheeses classified as "other cheese" in the U.S. Tariff Schedules.

Section 22 action

The emergency quotas and investigation were ordered under Section 22 of the Agricultural Adjustment Act, as amended, which provides for such actions whenever the Secretary of Agriculture has reason to believe that imports "are being or are practically certain to be" imported into the United States under conditions and in quantities which materially interfere with the price support programs of the Department of Agriculture.

Secretary Freeman called the President's action a "realistic move which is urgently needed to meet a threat which is widespread, and to carry out a policy established last year with respect to dairy product imports.

"There is a world dairy surplus," he pointed out. "Supplies of mik and dairy products are far in excess of commercial market demand. This has fostered cut-throat competition and disruption of world dairy markets. Exporting countries have suddenly found their traditional markets taken away from them. In our own country, where we have tried to maintain reasonable freedom of trade, we are experiencing numerous attempts to evade quotas and bring in canned milk at prices our industry cannot meet.

European dairy surplus

"The heart of the dairy surplus problem," the Secretary said, "is in Europe, where the Ministers of the Common Market countries only a few days ago took the hard decision to support milk at a price of $4.67 per hundredweight. I can understand that this may have been a politically necessary decision, but it is going to aggravate their overproduction headaches. For example, they already had over 400 million pounds of unmarketed butter in storage at the beginning of the flush season. This figure can only get larger."

The comparable U.S. support price is $4.28 per hundredweight for milk of national average butterfat content.

"The European situation well illustrates the international repercussions of national policies," Secretary Freeman said. "The consequences of European dairy policies are that the milk surplus is moving to wherever it can find a home and in whatever processed form is necessary and at whatever price it will bring. The United States is a prime target."

The Secretary cited examples of import transactions and price offers for canned milk and cheese in which the price of the foreign product was from one-third to one-half below that of the comparable domestic product. "Each pound of foreign milk imported as condensed or evaporated milk or cream," the Secretary emphasized, "will replace one pound of domestic milk now going to condenseries which would be converted to cheese, nonfat dry milk powder and butter. The domestic milk displaced by these imports would consequently have to be purchased, in processed form, by the Commodity Credit Corporation."

Many countries besides the United States are troubled by unsettled conditions in the world dairy market. A working group set up under the General Agreement on Tariffs and Trade (GATT) has for some months been examining the situation but so far has been unable to find a trade formula generally acceptable to the countries most concerned. This, Secretary Freeman indicated, reflects mainly how difficult and complex the problem has become.

"All of us who have had to try to manage almost unmanageable surpluses," he said, "know how tough the problems are—and that they are problems for both the home government and the governments of other producing countries. We have discussed the present situation with a number of other countries and have pointed out to them that we cannot permit the unloading of these surpluses on the U.S. market."

The Department's dairy price support program, the purpose of which is to enable dairy farmers to earn a fair return for their milk, establishes a minimum price for manufacturing milk. This sets a floor under prices of processed dairy products and thus limits the ability of processors to compete with cut-price foreign imports. For sweetened condensed milk, the ability of manufacturers to compete is further handicapped by the availability of sugar to foreign suppliers at low world prices.

Today's action is designed to carry out the policy established a year ago with respect to dairy product imports.

Dairy imports rising

On June 30, 1967, following a Section 22 investigation, the President in Proclamation 3790 extended the coverage of import quotas to certain additional dairy products in order to stop wide-spread evasions of the quotas. It was recognized then that further action might be required at a later time. Since then, particularly in recent months, imports of certain nonquota items have risen sharply, as new evasions were devised. Except for canned milk, most of the increases have been in items used by processors, not in items which go directly to consumers.

Trade in Swiss cheese illustrates this shift. Traditionally, Swiss cheese imports have consisted of relatively high-priced table cheese from Switzerland and certain other European producers. More recently, increasing amounts of low-quality Emmenthaler "grinders" cheese have been brought in for processing, from both Switzerland and its competitors, at

(Continued on page 16)

Italy Honors USFGC

International awards for outstanding work in the field of livestock and food products promotion went to U.S. Feed Grains Council Executive Vice President Clarence D. Palmby and to the Council's Rome office last month. Italian Minister of Commerce Giulio Andreotti presented the awards.

Mr. Palmby received the "Leader del Commercio" (Commerce Leader) Award for attaining "remarkable achievements" and distinguishing himself in his field of activity and work. Accepting in his absence was Council President Samuel H. Sabin. Others who were designated as recipients of the Commerce Leader Award included the Ministers of Agriculture of France, Germany, the Netherlands, Belgium, and Luxembourg.

USFGC's Rome office received the "Ercole D'Oro" (Golden Hercules) for "distinguishing itself in the field of production or cooperation in the distribution of food products." The Council was cited for its assistance in the development of the heavy lamb industry in Italy and also for conducting a highly successful fresh pork promotion campaign.

Japanese Wholesalers

Leading members of the Japanese "seika" industry—fruits and vegetables wholesalers—visited the United States in May to study terminal market planning, fair-play regulations, and marketing programs. The team of 17 was led by Yoshihisa Oishi of the Japan Fruit Growers Cooperative Association.

The Japanese have in mind modernization of their country's wholesaling facilities and methods. Japan's marketing system is coping with old ways and inadequate accommodations to serve the demands of a rapidly expanding and changing urban society. They have the problems of transporting, receiving, handling, storing and distributing foods through facilities which have failed to keep pace with other changes in the system.

The team got a firsthand look at some of the United States farm-to-market activities in California and Florida by visiting agricultural experiment stations, orchards, and farms, and by seeing packing, transportation, warehousing, marketing, and merchandising facilities.

The men also went to terminal markets in San Francisco, Los Angeles, and New York, and talked with USDA officials in Washington, D.C.

Japanese wheat food industry cooperators take notes as Akira Miyazawa (McCann Erickson-Hakuhodo) opens workshop by telling how a food promotion is developed.

Wheat Group Holds Tokyo Workshop

The first workshop for Wheat Associates' Japanese cooperators, held in Tokyo last month, was an all-day study in concentration, as food industry people joined government agricultural experts and market development specialists for an all-round view of the U.S. wheat promotion program in Japan.

Comments made after the meeting showed that the cooperators were enthusiastic about the workshop idea; felt they had learned a great deal; thought it should be at least an annual event, perhaps even twice a year; and had a number of ideas to offer for the next one.

All 15 of the wheat flour food industry groups with which WA works in Japan sent delegates, for a total of 41 persons. Also attending were Food Agency representatives of Japan's Ministry of Agriculture and Forestry, including Deputy Director Tsutomu Tanaka.

Purpose of the workshop was to share with the cooperators, both through formal presentations and through question periods, the approach and thinking of wheat market promotion specialists. Part of the program was devoted to improving the evaluation of promotion activities and to reaching agreement on standardized reporting and fiscal procedures.

Program topics and speakers were—

"Developing a food promotion," McCann Erickson-Hakuhodo (Tokyo advertising agency); "Wheat Associates wheat food survey and the role of surveys," Tom Templeton, WA Assistant Director; "Market development and the role of the Agricultural Attaché's office," Elmer Hallowell, attaché, and James Frink, assistant attaché, Tokyo; "Our ideas about market development," Yoshio Fujinami, Director of the National Food Life Improvement Association; "Fiscal procedures and reporting," Susumu Sawakawa, WA accountant; and "Project reporting and evaluation," Tom Templeton and Paul Sone, WA Assistant Directors.

Greece Has Joined IIC

At its Third Plenary Meeting, held in Athens early this month, the International Institute for Cotton welcomed Greece as a new member. During the past three seasons, Greece has exported an annual average of 30,000 bales of cotton to the West European countries where the IIC program is being carried on. It now joins the other active member countries —India, Mexico, Spain, Tanzania, Uganda, and the United States—in their research and promotion effort to help cotton hold its own against manmade fibers.

Officers, elected for 2-year terms, are: President, Rodriguez Adame (Mexico); First Vice President, Madan Gopal Kaul (India); Second Vice President, Dorothy Jacobson (U.S.A.); Third Vice President, A. K. Balinda (Uganda). Read P. Dunn, Jr., was reappointed Executive Director.

Special meetings of IIC's General Assembly will be held in Washington, D.C., this fall and next spring.

U.S. Breeding Cattle Make a Hit at Farm Fairs

The United States has been making friends all over Spain and Portugal this June for its beef and dairy cattle and its livestock production methods.

At two big international exhibitions—the 15-day National Agricultural Fair at Santarém, Portugal, which ended June 16, and the month-long Feria Internacional del Campo at Madrid, Spain, which closed yesterday—U.S. exhibitors showed a total of 46 outstanding U.S. animals to ranchers and cattlemen who had come from every part of the Iberian Peninsula. Also exhibited were U.S. feedgrains, soybeans and soybean meal, and products of the rendering industry—nutrients that have helped U.S. livestockmen rear top-notch cattle like these.

That the U.S. story was well received was evident from the strong interest shown by the thousands of visitors at each fair, their many questions, and especially the fact that all the animals now have Spanish or Portuguese owners.

Pavilions at both fairs were operated by USDA's Foreign Agricultural Service in cooperation with the U.S. breed associations and commodity groups concerned: The Santa Gertrudis Breeders International, the American Angus Association, the American Hereford Association, the American Polled Hereford Association, the Holstein-Friesian Association of America, the U.S. Feed Grains Council, the Soybean Council of America, and the National Renderers Association.

Spain and Portugal are both fast-growing markets for U.S. breeding stock and feedstuffs. Both are operating under development plans that call for upgrading their livestock production, and both have already made sizable purchases of U.S. breeding cattle—Spain, more than 4,000 head in 1966 and also in 1967; Portugal, entering as a market in 1967, more than 2,000 head. In addition they have been buying large quantities of U.S. feedstuffs—corn, grain sorghum, tallow, soybeans, soybean meal.

The Madrid story

Opening day at the Madrid Feria del Campo saw four favorable events: The threat of rain was driven off by bright sun; 100,000 Spaniards on holiday for Ascension Day swarmed into the fairgrounds; Chief of State Francisco Franco, inaugurating the Feria, included the U.S. pavilion in his walk-around; and one of the U.S. Holstein heifers chose this day to deliver a 75-pound daughter—first calf born at the fair. Named "Miss Feria," the calf wobbled off with top-grade publicity from all media.

Highlights of the U.S. show were the 32 purebred animals on display—six head each of Holstein-Friesian, Polled Hereford, Santa Gertrudis, and Hereford, and eight of Aberdeen Angus. Representatives of all five breed associations were on hand to answer questions and make contacts for future sales. Actually, some sales had already taken place. All eight Angus belonged to Sr. José Guerrero Martín, rancher of the Granada area. Two of the Santa Gertrudis were sold on opening day; and Sr. Eduardo Sánchez Junco got Miss Feria as a bonus on his purchase of her mother.

Also exhibiting cattle were Argentina, Austria, Canada, Denmark, France, Germany, Great Britain, Mexico, the Netherlands, and Switzerland.

The Santarem story

It was only last year that the United States took part in the Santarém fair for the first time. Then, about 200,000 persons visited the U.S. pavilion during the fair's 15-day run. This year, 100,000 flowed through the pavilion's doors on opening day alone—among them, Admiral Americo Rodrigues Thomaz, President of the Republic of Portugal. Record crowds were attracted on subsequent days too.

A feature of "U.S. Day" at Santarém—June 6—was the presentation of an 11-month-old, 1,000-pound good-will ambassador to the Portuguese Government. This was Kyland Moo Meadows Crusader, a purebred Holstein bull donated by the Illinois Agricultural Association with the hope that he would help increase Portugal's dairy output and further

Left, visitors to the Santarém fair admire U.S. Holstein-Friesians. Below, Portuguese greet their President, Admiral Americo Thomaz, on his walk-through.

irs in Portugal and Spain

strengthen the friendly bonds between the two lands.

Kyland Moo was one of the seven top-notch Holsteins housed in the U.S. pavilion. Seven equally outstanding Herefords represented the beef breeds.

Other nations too are seeking the rapidly expanding Portuguese market for farm commodities. Showing much the same products as the U.S. pavilion were those of Brazil, France, Great Britain, Germany, and Italy.

A service extended at both Santarém and Madrid was a series of seminars at which U.S. and local specialists discussed livestock production trends and techniques, with separate attention to beef production, dairying, and animal nutrition. There was also a special meeting for provincial livestockmen, at which U.S. breed association representatives—aided by films and stimulated by pertinent questions—outlined the U.S. cattle characteristics they considered most adaptable to beef production in various parts of the Peninsula.

Among the speakers at the seminars were Darwin E. Stolte, of USFGC's Rome office, and Conrad Amavisca, of USFGC in Spain and Portugal; Prof. William H. Hale, professor of animal science, University of Arizona; Dr. Juan Amich-Gali, of NRA in Barcelona, and Bernard L. Bradley, of NRA in Rome; and Maurice Mix, of the Holstein-Friesian Association. For the special meeting on U.S. beef breeds, Tom Redford represented Santa Gertrudis; William E. Perry, Polled Hereford; and Milton Miller, Angus.

Top, Maine in Spain. Holstein from Turner, Maine, joins herdsman and pavilion manager (both also from Maine) in admiring her newborn daughter. Right, at Madrid airport, part of U.S. herd destined for Feria moves from air crate into waiting truck, watched by first few of the many interested Spaniards who would be viewing them.

Below, right, a new lady of Spain. This Angus heifer, as well as the other seven in the U.S. Angus herd was sold before opening day. Looking on are Milton Miller, American Angus Association, and Jim Rhoades, herdsman.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between June 4 and June 11, 1968, there was little change in the offer prices of wheat in Rotterdam. Manitoba and Russian wheat prices remained the same; a U.S. Spring and Argentine increased 1 cent while Hard Winter increased 2 cents.

The price of South African corn increased 1 cent, while U.S. and Argentine decreased 1 cent.

A listing of the prices follows.

Item	June 11	June 4	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.03	2.03	2.19
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.90	1.89	2.14
U.S. No. 2 Hard Winter, 12 percent	1.79	[2] 1.77	1.94
Argentine	1.90	1.89	(1)
U.S. No. 2 Soft Red Winter	1.49	1.57	1.79
Corn:			
U.S. No. 3 Yellow	1.32	1.33	1.52
Argentine Plate	1.51	1.52	1.54
South African White	1.50	1.49	1.62

[1] Not quoted.
[2] Hard Winter, 13 percent.
Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Italy Expects Record Filbert Crop

Current crop forecasts indicate a record 1968 Italian filbert production of 80,000 short tons in-shell basis, 33 percent above the 1967 crop of 60,000 tons and 47 percent above the 1962-66 average. Weather conditions have been favorable and temperatures were mild during bloom.

Current forecasts indicate record quantities will be available for export during the 1968-69 season. Italian exports are expected to total 40,000 tons, 26 percent below 1966-67, but slightly above the 1961-65 average. West Germany, the United Kingdom, and France were the leading export markets for Italian in-shell filberts during the 1966-67 season; West Germany, France, and Switzerland for shell filberts.

Current f.o.b. prices remain steady at former levels of 61 cents per pound for shelled Long Naples and 67 cents per pound for shelled Romans.

SUPPLY AND DISTRIBUTION OF FILBERTS
[In-shell basis]

Item	Average 1961-65	1965-66	1966-67	Forecast 1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	6.6	10.0	6.0	2.0
Production	51.4	64.0	70.0	60.0
Imports	.6	.2	2.0	3.0
Total supply	58.6	74.2	78.0	65.0
Exports	34.0	47.3	54.0	40.0
Domestic disappearance	17.0	20.9	22.0	21.0
Ending stocks (Aug. 31)	7.6	6.0	2.0	4.0
Total distribution	58.6	74.2	78.0	65.0

U.S. Meat Product Imports Up; Exports Down

U.S. imports of livestock and meat products continued higher and above year-earlier levels during the period January-April 1968. Exports of livestock commodities were lower during the same 4 months except for those of lard and inedible tallow.

U.S. red meat imports were 14 percent larger than for the same 4 months in 1967. A good share of the increase was accounted for by major increases in fresh and frozen bone-in and boneless beef. Total beef imports were up 17 percent, while pork imports rose 6 percent; mutton and goat, 44 percent; and lamb, 30 percent. Total wool imports were up 50

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	April		January-April	
	1967	1968 [1]	1967	1968 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	18,845	16,093	59,450	63,278
Tallow and greases:				
Inedible	196,895	217,744	697,883	763,008
Edible	1,271	983	7,752	2,950
Meats:				
Beef and veal	2,301	2,057	11,026	9,207
Pork	4,813	2,597	21,203	11,167
Lamb and mutton	77	276	435	652
Sausages:				
Except canned	117	216	606	867
Canned	139	137	444	489
Other canned meats	567	735	2,742	3,030
Meat specialties:				
Frozen	193	151	635	673
Canned	247	158	867	463
Total red meats	8,454	6,328	37,958	26,545
Variety meats	18,224	18,052	75,357	70,418
Sausage casings:				
Hog	422	896	2,225	2,224
Other natural	461	424	1,111	994
Mohair	1,266	1,108	3,515	3,405
Hides and skins:				
Cattle parts	3,902	2,073	14,969	10,567
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,125	902	4,582	3,930
Calf	170	273	763	770
Kip	34	18	180	115
Sheep and lamb	274	255	1,085	1,042
Horse	12	12	21	30
Goat and kid	7	39	83	86
	Number	*Number*	*Number*	*Number*
Live cattle	3,371	2,327	14,951	12,973

[1] May not add due to rounding.
Bureau of the Census.

percent because of an increasing demand for wool at the mill level. Live cattle imports were up significantly in April, bringing the 4-month total up 52 percent over that of the previous year.

On the export side, while April lard exports were down, the 4-month total was 6 percent above a year earlier. Inedible tallow exports for the first 4 months were up 9 percent, owing largely to increased P.L. 480 shipments this year. All other major export commodities were lower with variety meat and cattle hide exports down 7 percent and 14 percent, respectively. Live cattle exports continued lower for the second consecutive month this year, bringing the 4-month total down 13 percent from the previous year.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	April		January-April	
	1967	1968 [1]	1967	1968 [1]
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	457	367	923	2,512
Fresh and chilled	220	2,009	1,102	5,130
Boneless beef	51,978	67,454	231,900	255,537
Cuts (prepared)	86	57	420	552
Veal	1,087	2,559	5,016	7,379
Canned beef:				
Corned	4,376	5,750	20,868	26,158
Other, incl. sausage	944	1,178	4,063	5,275
Prepared & preserved	2,584	5,855	12,567	20,356
Total beef and veal	61,732	85,231	276,859	322,900
Pork:				
Fresh and frozen	4,000	5,050	15,118	17,192
Canned:				
Hams and shoulders	16,737	19,204	70,969	76,700
Other	2,328	2,730	15,990	14,444
Cured:				
Hams and shoulders	100	93	535	396
Other	429	293	1,444	1,363
Sausage	252	198	938	796
Total pork	23,846	27,567	104,994	110,890
Mutton and goat	5,068	6,055	17,624	25,378
Lamb	972	947	3,369	4,365
Other sausage	559	652	2,267	2,303
Other meats, n.s.p.f.	1,349	825	5,672	4,216
Total red meat	93,526	121,276	410,785	470,050
Variety meats	273	200	1,138	1,173
Wool (clean basis):				
Dutiable	10,708	12,761	40,951	52,916
Duty-free	3,241	10,018	20,218	39,086
Total wool	13,949	22,779	61,169	91,999
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	15	46	54	138
Calf	50	22	158	151
Kip	17	17	92	79
Buffalo	21	31	128	158
Sheep and lamb	2,271	3,348	8,370	13,040
Goat and kid	457	572	2,691	2,339
Horse	7	24	68	120
Pig	148	53	497	238
	Number	*Number*	*Number*	*Number*
Live cattle [2]	80,181	140,887	240,432	364,999

[1] May not add due to rounding. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Mainland China's Tung Oil Exports Drop

In 1967 Mainland China's exports of tung oil, as indicated by reported imports into major importing countries, dropped to only 11,556 short tons—6,210 tons or 35 percent below those of the previous year and 43 percent below exports during the 1960-64 period. The decline was chiefly reflected in reduced movements to the United Kingdom and West Germany. However, movements to Japan, Australia, and New Zealand increased somewhat.

Although it cannot be determined if the reduction reflected reduced availabilities or increased domestic consumption, several things are evident. Closure of the Suez Canal on June 5 of last year has definitely placed China in a less competitive position in the European market. In addition, a larger volume of exports from Argentina and Paraguay has been moving into many West European countries. Argentine efforts to gain entrance into the Soviet market, which were initiated in 1965, have blossomed; last year the USSR was her second largest export market for tung oil (6,400 short tons).

In spite of reduced movements into major export markets, 1967 prices for Chinese tung oil, in bulk, c.i.f. European ports, averaged 12.9 U.S. cents per pound—substantially below the

TUNG OIL IMPORTS FROM MAINLAND CHINA

Importing Country	Average 1960-64	1963	1964	1965	1966 [1]	1967 [1]
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Austria	127	40	140	157	[2] 251	92
Belgium	115	40	143	313	278	263
Denmark	423	353	471	395	420	301
France	341	388	355	779	464	94
Germany, West	2,028	962	1,636	2,797	[3] 1,920	777
Italy	486	254	312	415	935	707
Netherlands	642	785	1,045	1,188	1,235	976
Norway	207	58	157	247	303	161
Sweden	928	815	985	966	[4] 550	285
U.K.	2,513	1,431	3,678	4,567	3,160	750
USSR	5,425	1,985	1,985	1,456	[4] 1,456	500
Hong Kong	2,570	2,463	2,452	1,908	1,088	493
Japan	2,250	2,330	3,695	3,591	4,336	4,756
Australia	1,174	1,208	970	1,245	1,068	1,077
New Zealand [5]	205	141	178	262	240	264
Others [6]	789	168	65	76	[4] 62	60
Total	20,233	13,421	18,267	20,362	17,766	11,556

[1] Preliminary. [2] January-September. [3] January-November. [4] Estimated. [5] 12 months of year shown ending June 30. [6] Includes Mexico, Poland, India, Malaysia.
Compiled from official and other sources.

CHINESE TUNG OIL, MONTHLY AVERAGE PRICES [1]

Month	1964	1965	1966	1967	1968
	U.S. cents per lb.	*U.S. cents per lb.*	*U.S. cents per lb.*	*U.S. cents per lb.*	*U.S. cents per lb.*
January	27.5	25.0	19.2	13.5	14.4
February	25.7	24.8	19.6	13.1	14.1
March	24.3	25.0	19.6	12.8	13.9
April	23.0	26.2	19.5	12.2	(2)
May	20.9	25.8	18.8	(2)	(2)
June	19.8	25.2	18.5	(2)	
July	19.8	23.5	16.5	(2)	
August	19.9	21.6	15.8	11.8	
September	19.8	20.7	15.5	12.0	
October	20.2	19.9	15.3	12.4	
November	21.0	19.2	15.0	14.0	
December	23.8	19.2	14.6	14.5	
Average	22.1	23.0	17.3	12.9	

[1] Quoted in bulk c.i.f. European ports converted from original at an average rate of US$2.80 per £ sterling. [2] Unquoted.
Compiled from *Public Ledger*, London (Saturday edition).

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average prices in recent years. In 1968, prices have continued to remain at relatively low levels. The decline reflects a substantial increase in aggregate export of oil from both Argentina and Paraguay in 1967.

Current prospects indicate that South American tung oil production from the 1968 tung nut crop (1968-69 oil crop) will be significantly above that in 1967-68. According to recent trade estimates, the current U.S. crop is placed at only 7 million pounds, reflecting freeze damage this spring. A substantial volume of stocks yet remain in CCC hands which should be more than ample to cover this year's domestic needs.

Crops and Markets Index

Fats, Oilseeds, and Oils
15 Mainland China's Tung Oil Exports Drop
Fruits, Nuts, and Vegetables
14 Italy Expects Record Filbert Crop
Grains, Feeds, Pulses, and Seeds
14 Weekly Report on Rotterdam Grain Prices
Livestock and Meat Products
14 U.S. Meat Product Imports Up; Exports Down

U.S. Action on Import Quotas

(Continued from page 10)

prices substantially below the price of American-made Swiss cheese.

Pointing out that similar trends and displacement of domestic supplies are evident in the other categories of nonquota cheese, Secretary Freeman stressed that "Our problem is not with the high quality table cheese. This trade has been steady and of modest proportions, and can be expected to remain so. It is the low-priced cheeses that go mainly into processing which displace domestic milk."

The emergency Proclamation established quotas on condensed and evaporated milk for the remainder of the calendar year. The amounts authorized, exclusive of amounts in transit before issuance of the Proclamation, are: Evaporated milk in airtight containers, 656,000 pounds; condensed milk in airtight containers, 2,037,000 pounds; evaporated milk, not in airtight containers, none; and condensed milk, not in airtight containers, 2,500 pounds. Canada, Netherlands, and Denmark are the principal authorized sources.

Mideast Combats Locust Threat

The Middle East and the northern half of Africa face the threat of locust plague in July, August, and September. The Desert Locust Information Service, begun in 1929 and sponsored by FAO for the past decade, reports extensive locust infestation already present in central Saudi Arabia and is now working with countries involved to reduce possible danger.

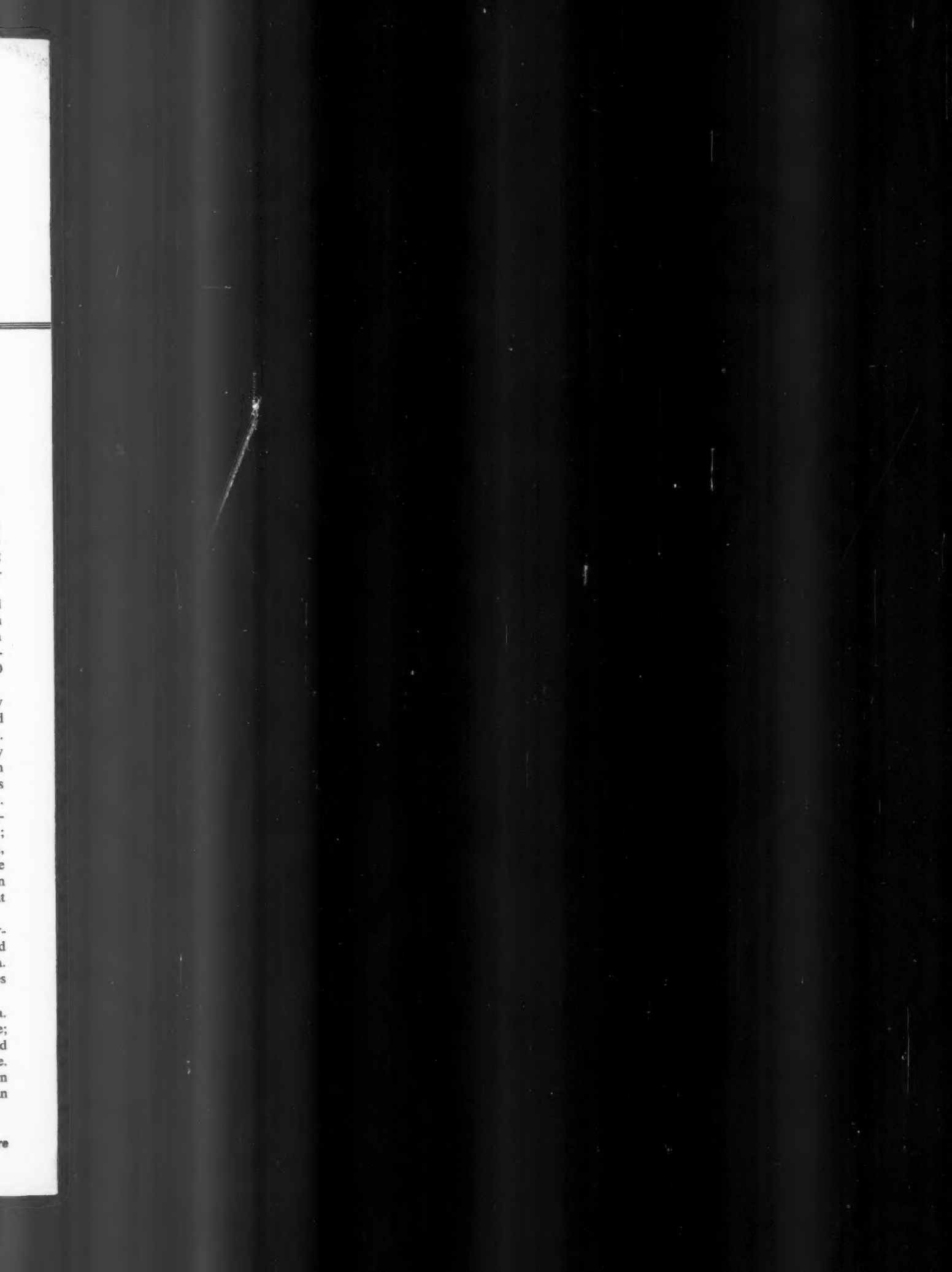
Another threat exists in East Africa. More than 50 swarms have been reported in the northwestern part of the Somali Republic. In West Africa locusts are breeding along eastern slopes of the Grand Atlas Mountains on both sides of the Moroccan-Algerian border. Other swarms may be building up in Mauritania, Mali, and Niger. Breedings are also reported on the Iranian coastal plain.

Locusts are a threat every year. But this year an unusual combination of rain and warm temperatures has caused an unusually rapid increase in locust populations. The area threatened is vast because the locusts have exceptional mobility and have been known to migrate in excess of 1,000 miles, depending on prevailing winds.

Crops of many countries are almost certain to be severely ravaged, if the locust threat is not controlled. This could cut grain supplies and necessitate emergency grain imports.

The plague's severity will be determined by the intensity of the locust movement to eastern Africa from the Arabian Peninsula. Numberous mature swarms and groups of adults are present and a number of eggbeds have been found. Swarms from this source could invade the following countries in June and July: Iran, Pakistan, and India to the east; Sudan and the United Arab Republic to the west; and Yemen, South Yemen, Ethiopia, Afar and Issa Territory, and the Somali Republic to the southwest. It is feared that even stringent control efforts may prove insufficient to prevent these swarms from forming.

Large swarms of locusts exist in the Afar and Issa Territory (former French Somaliland), the Somali Republic, and Ethiopia. There is a slight infestation in northern Kenya. The United Arab Republic has made 25 crop dusting planes ready and activated 15 control stations in the east.

Tunisia is making regular patrols of the desert area. Algeria's present locust situation is not yet overly severe; however, Algeria and other members of the Maghrebian and Saharan States have formally requested FAO assistance. There is a possibility of an October invasion in southern Morocco from Mali, Niger and Mauritania, but Morocco can reportedly combat reasonably heavy invasions of locusts.

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